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SUBJECT: MEDIA REACTION: U.S. TARIFFS ON CHINESE TIRE IMPORTS

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Editorial Quotes  
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1. U.S. TARIFFS ON CHINESE TIRE IMPORTS

"Special protective case puts Obama in an embarrassing situation"

The Beijing-based newspaper sponsored by official intellectual publication Guangming Daily and Guangdong Provincial official publication Nanfang Daily The Beijing News (Xin Jing Bao)(09/14)(pg A03): "President Obama seems to be losing steam a bit: his healthcare reform plan has aroused opposition all around and his decision to take punitive measures against Chinese tire imports has shown his inclination towards protectionism. His popularity has been a double-edged sword since people have extremely high expectations of him. Nonetheless, the Bush administration left Obama a messy situation, which will require a long time and a lot of effort to fix. Obama also underestimated potential difficulties; he obviously did not expect such broad and strong opposition [to his policies]. Obama's political future is worrying since he has bet it all on healthcare reform. In the eyes of many American people, Obama's economic stimulus measures were largely unsuccessful. Once the full impact of the tire case is felt on U.S.-China relations, the U.S. economy, which is on the verge of recovery, could sink back into the wintertime of economic recession. In fact, this issue shows Obama's insufficient preparation for the presidency and his failure to understand the financial crisis."

"The United States sets a bad precedent"

The official Communist Youth League China Youth Daily (Zhongguo Qingnianbao)(09/14)(pg 1): "U.S. President Barak Obama has stated many times since he took office that the U.S. firmly opposes protectionism. However, when it came to the U.S.-China tire trade, he betrayed his promise. Cutting off high quality but inexpensive Chinese tire imports during an economic recession is a blow to American consumers. It also hurts American auto dealers, who long ago abandoned the low-end of this industry and will have to look for replacements from other countries. It is also unfair for Chinese tire companies to be discriminated against simply for trading normally with the U.S. With an economic recession and protectionist policies, the United States, the previous champion of free trade, has instead become an adversary of free trade. By coming up with excuses for its protectionist policies, the U.S. will negatively influence free trade and the Doha round of global trade negotiations. The tire case is not a simple trade dispute, but rather a reflection of the U.S. stance and credibility on protectionism. It affects the prospects for free trade and the progress of economic recovery. The 'wrong signal' sent by the U.S. will put it in a disadvantageous situation."

"Obama sets precedent in 'punishing China'"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(09/14)(pg 12):  
"The U.S.-China tire trade is worth over \$2.2 billion and affects

the livelihood of over 100,000 Chinese tire workers. This has been the number one trade dispute between the U.S. and China since Obama took office, and is seen as a major test of Obama's trade policy due to its significant implications. Shen Jiru, a researcher at the China Academy of Social Sciences, said that Obama's decision was informed by U.S. domestic politics. Obama is unwilling to lose the support of the labor unions. Along with the rise of U.S. protectionism, 'Made in China' products have become a target and a card played by some politicians for political gain. Although Obama has expressed support for increasing U.S.-China trade and he decreased the punitive tariffs to certain extent, for the Chinese tire industry even five percent is hard to take, let alone 35%. Song Hong, Director of the International Trade Office at the China Academy of Social Sciences' Global Economic and Political Studies Institute, argued that China should take countermeasures in case other countries implement similar measures against Chinese goods. The tire case is undoubtedly a symbolic indication of Obama's trade policy towards China since it was a decision made directly by the President. A well-known American think tank said that aggressive U.S. actions will have a far-reaching impact on Sino-U.S. trade relations and will lead to explosive trade disputes between the two countries in the future. Experts in the tire industry added that Obama's decision means the U.S. government has changed its previous stance on special protective cases, which will surely encourage other U.S. industries to take similar measures. As a result, it will seriously influence the steady development of U.S.-China economic and trade relations."

HUNTSMAN